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15 October 1969

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam
During September 1969

Introduction

The reconstruction of military and economic facilities in North Vietnam is of continuing importance because of the implications for support of the war and conduct of negotiations for peace. Economic conditions become an increasingly important factor influencing regime policies as the war drags on. This report summarizes significant reconstruction developments during September and the third quarter of 1969 to highlight those factors that might be relevant to an analysis of change in the North Vietnamese bargaining position. [REDACTED]

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Military Activities

1. North Vietnam appears to be rushing completion of the new airfield begun in August, near Quan Lang, 40 miles northwest of Vinh and about 18 miles from the Laotian border. [REDACTED] showed the 6,000- by 115-foot runway nearly ready for surfacing and support facilities being constructed. The location and the size of the runway suggest that the airfield may be used for jet fighter operations over the Plaine des Jarres. It could also be used as a dispersal or recovery field for aircraft operating from Vinh or Bai Thuong airfields.

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2. Repairs were begun in August on the two non-jet airfields of Na San and Dien Bien Phu indicating that they may soon be opened to light cargo aircraft. Both airfields are located in northwestern North Vietnam and could be used as bases for airlifting supplies or personnel into northern Laos.

3. The main runway at Vinh airfield was fully serviceable by [REDACTED] and current construction is focused on the repair and expansion of support facilities. No aircraft have been observed at the Vinh airfield since [REDACTED]

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4. North Vietnam continued to enlarge its in-country MIG force during the third quarter of 1969. An estimated ten aircraft were delivered during the three-month period, and approximately fifty

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MIG-21's were noted at North Vietnamese airfields [REDACTED]

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5. Repair and reconstruction have been observed on a number of warehouses near Hanoi that shelter some of the large amounts of weapons, trucks, machinery, and crated supplies that North Vietnam is now holding in storage. New roofs and other repairs have been underway since May on vehicle storage buildings, warehouses, and storage areas at the Son Tay and Xuan Mai army barracks and at the Gia Thuong and Van La storage areas. [REDACTED] similar reconstruction at the army supply depot near Thai Nguyen. Equipment in storage at these military installations may also be for use in non-military reconstruction.

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Industry

6. Repair work on damaged electric powerplants has continued and there were signs of increasing activity during September at the large hydroelectric powerplant at Thac Ba. Additional repairs have been made at the Thai Nguyen Powerplant during the quarter increasing somewhat the operating capacity of the plant. [REDACTED]

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7. A slight improvement in the electric power situation was noted during the third quarter, and further increases in output of electric power should be possible in the near future. Of the 13 important electric powerplants damaged or destroyed by the bombings, only two have not been rebuilt and the remaining 11 are either in operation or are about ready to begin. (See the tabulation below) North Vietnam's current electric power capacity is estimated to be about 60 percent of pre-war capacity, a slight increase above the level in June 1969.

8. Signs of increased activity at the Haiphong Cement Plant and the Thai Nguyen Iron and Steel Complex were noted during the quarter. A third kiln at the Haiphong Cement Plant was restored in August raising the country's cement making capability to about 300,000 tons annually, about half of the pre-war capacity. Two kilns immediately adjacent to the restored kiln appear to be nearly rebuilt; when operational these would raise capacity by another 150,000 tons.

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9. At the Thai Nguyen Iron and Steel Combine additional repair and clearing of debris was observed during September.

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Agriculture

10. The 1969 tenth-month rice crop, which should be harvested by the end of November, will probably be slightly larger than last year. The less important fifth-month crop harvested in June was also larger than last year, halting the declining trend in rice output

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during 1966 through 1968. The total output of polished rice this year will probably be about 300,000 tons below the 1965 output and this short-fall, together with population growth, will force North Vietnam to continue to import sizeable amounts of foodstuffs at least through 1970. Improved weather contributed to the increase in rice output this year. Although heavy rains fell during July and August, the extent of flooding was considerably less than last year because of lower than average rainfall in the watershed areas prior to the rainy season and because precautionary measures apparently were taken in May and June to repair and strengthen water control system. Widespread flooding last year delayed the cultivation and harvesting schedule and washed out a part of the rice crop.

Rationing

11. The regime no longer requires ration stamps for a number of "industrial consumer goods," according to an official news article published in August. The article emphasized, however, that basic necessities such as rice, meat, cloth, sugar, etc., would continue to be rationed until domestic production and supply allow the country to eliminate rationing entirely. [REDACTED] the new rationing policy affected the sale of 22 consumer items, including cigarettes, matches, towels, handkerchiefs, needles, thread, toothbrushes, toothpaste, tea, ball pens, wrist watches, soap, salt, paraffin, bicycle parts, and film.

12. There is little evidence to indicate that rationing was lifted because of the increased availability of these consumer goods. Instead, the move was apparently made to curtail abuses of the rationing system that had developed in recent years. Specific abuses mentioned by regime publications included rationing goods that were not scarce; distributing ration stamps as favors; selling stamps at a profit; or illegally trading goods purchased with stamps. In addition, the extensive rationing has apparently led to excessive red tape that has delayed the distribution of goods.

Epidemic in Hanoi

13. A recent outbreak of Hemorrhagic fever was reported in the Hanoi area, affecting mostly young children between the ages of two and fifteen. One thousand children reportedly died from the fever between late July and mid-September. School openings in Hanoi have been postponed because of the disease. The virus-caused disease is transmitted by the mosquito and flooding during July-September may have aggravated the problem by providing additional breeding grounds for the mosquito. [REDACTED] the Hanoi area was being sprayed and authorities were urging people to use mosquito nets and to keep children away from stagnant water.

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19. North Vietnam continued to seek economic assistance from both Communist and Free World countries. The aid delegation headed by Vice-Premier Le Thanh Nghi which had arrived in Communist China in mid-August to discuss economic and military aid for 1970, concluded an agreement late in September, having been interrupted by the death of Ho Chi Minh. No details were reported by either country. A trade agreement with Mongolia was also signed in September. Other trade and industrial delegations were in Moscow, Bucharest, and Warsaw during the

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third quarter to discuss specific aid projects and problems.

20. During September a North Vietnamese fact-finding mission of trade and industrial experts visited the Nordic countries of Sweden, Denmark, Finland, and Norway to investigate resources and industries which could be useful to North Vietnam in post-war development. The amount of Nordic assistance to be given to North Vietnam apparently has not yet been decided, although a recent Swedish Foreign Ministry announcement stated that almost \$40 million in grants and credits would be available over a three-year period beginning July 1970. Foreign and domestic opposition apparently has influenced the Swedish government to postpone for the present implementation of any substantial aid. A preliminary trade exchange agreement with Denmark was also drafted, but no details have been announced.

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Conclusions

21. Military reconstruction in September was oriented largely towards the conflict in Laos. Construction on the new airfield between Vinh and the Laos border, along with repair of the Dien Bien Phu and Na San airfields in the northwest, suggest increased concern by the regime over the support of operations in Laos. The country's air defense capabilities were further improved by imports of at least ten jet aircraft during the third quarter of 1969.

22. Some improvements were indicated both in industry and agriculture, but the pace of reconstruction work did not change noticeably. Repair work observed on electric powerplants provided some increased productive capacity and apparently set the stage for more significant improvements before the end of 1969. Similarly, repair work observed at the Haiphong Cement Plant and the Thai Nguyen Iron and Steel Complex suggested noticeable improvement in the output

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1970. The tenth-month rice crop is estimated to be slightly better than last year, but total rice output in 1969 will be below requirements and sizeable imports of foodstuffs will continue. Rationing for a number of "industrial consumer goods" has been discontinued, apparently in an attempt to correct abuses of the rationing system and to improve distribution.

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Future economic assistance was solicited in both Communist and Free World countries. A 1970 aid agreement was signed with Communist China and an industrial delegation toured the Nordic countries in September to investigate possibilities for industrial assistance. The Swedish government announced a three-year \$40 million aid program to North Vietnam, but plans for implementation have been vague after an unfavorable reaction by domestic and foreign interests.

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